BRITISH COLUMBIA

BC STATS Infoline

tel (250) 387-0327
fax (250) 387-0329

All issues since 97-01 are on our website:
http://www.bcstats.gov.bc.ca

Issue: 00-12 6 Pages
March 24, 2000

highlights

a weekly digest of recently released British Columbia statistics

The Economy

- **Exports of BC products continued to increase in January, rising to 6.7% above the January 1999 level.** The export growth was largely due to an upturn in the forest sector, where exports rose (+14.9%) for the 13th consecutive month. International shipments of BC-made machinery and equipment (+4.3%), consumer goods (+3.4%), energy (+2.9%) and agricultural (+0.8%) products grew more moderately. However, exports of automotive products (-17.6%) and industrial goods (-4.4%) fell below January 1999 levels.

  Canadian exports rose 15.3% in January, fuelled by a 64.9% increase in international shipments of energy products. Alberta's exports were up 57.1%, while shipments from Newfoundland rose 48.2%, reflecting the dominance of energy products in the export mix of those provinces. Exports from New Brunswick (+26.7%) and Saskatchewan (+19.8%) also received a boost from the energy sector. In Ontario (+11.8%), the automotive sector remained vibrant (+12.3%), while exports of machinery and equipment (+11.3%) and industrial goods (+13.0%) expanded at similar rates. Manitoba (+0.1%) and BC were the only provinces where exports did not increase at double-digit rates in January. *Source: Statistics Canada*

- **British Columbia's exports to the US, its biggest international customer, were up 6.0% in January, as US demand for BC products (mainly wood and paper) remained strong.** Shipments to Japan continued to fluctuate, falling 11.7% after holding their own (+0.4%) in the previous month. However, exports to the European Union were up more than a third (+39.6%), surpassing the $200 million mark for the first time in more than two years. *Source: BC STATS*

- **Retail sales in the province fell (-1.0%, seasonally adjusted) in January, after making a strong showing (+4.0%) in December.** Retailers in BC were affected by a nationwide slowdown that saw sales fall or stagnate in nine of the thirteen regions. Canadian sales were unchanged from December at $22.6 billion. Pre-millennial shopping sprees had boosted sales at the end of last year as consumers stocked up on food, alcohol and other non-durables in anticipation of possible Y2K problems. That additional spending appears to have dampened the demand for these products in January. Food sales were down 4.0% in January, while liquor, wine and beer stores saw their sales fall 5.9%. Sales by retailers of auto parts, accessories and services dropped 2.7%. On a more positive note, retailers of general merchandise posted their largest increase (+3.8%) in a year in January. *Source: Statistics Canada*

- **Sales by BC wholesalers rose 2.4% (seasonally adjusted) between December and January.** British Columbia, Manitoba (+2.7%) and Saskatchewan (+8.2%) were the only provinces where sales advanced significantly. Five provinces, including Ontario (-0.3%), posted declines. The strong gain in the prairies was linked to farm machinery and equipment sales, which were up quite substantially. In BC, wholesale sales have been seesawing up and down since the middle of last year, and the 2.4% increase came on the heels of a flat (+0.1%) sales performance in December. Canadian sales rose only marginally (+0.2%) in January. *Source: Statistics Canada*

Employment in High Technology

- **Last year, the number of people employed in BC's high technology sector topped the 50,000 mark for the first time.** Preliminary estimates suggest that employment in high tech

Report **High tech births**

Did you know...

Smoking causes one in five residential fires in BC. Between 1994 and 1998, one in ten fire deaths in the province was directly caused by cigarette smoking. Twenty-eight percent of the people who died in fires during this period were intoxicated or had a history of alcohol abuse.

industries grew more than 10% in 1999. Most of the jobs in the sector are in service industries such as engineering or computer services. One in five high tech workers in BC is employed in manufacturing. *Source: BC STATS*

Aquaculture

- **Revenues of aquaculture operators in the province reached $270.1 million in 1998, 17.4% more than in the previous year, when the industry's revenues from all sources totalled $230.0 million.** The province has the biggest aquaculture industry in the country, with BC fish and shellfish farmers generating more than half (51%) of total Canadian revenues ($528 million). New Brunswick's aquaculture industry accounted for about a third ($178.8 million) of the Canadian total. Ontario ($26.7 million), PEI ($19.2 million), Nova Scotia ($17.4 million), Newfoundland ($9.8 million) and Quebec ($6.4 million) have small, but growing, aquaculture industries. Some fish farms also operate in the prairies.

  Finfish (primarily salmon) production is the backbone of BC's aquaculture industry, accounting for nearly all ($248.5 million) of its revenues in 1998. Shellfish production was valued at $10.0 million in 1998, with the remainder of the industry's revenues coming from sales of other goods and services, or other sources. *Source: Statistics Canada*

- **BC's aquaculture industry spent $174.1 million on goods and purchased services (excluding capital and labour costs) in 1998, nearly half ($83.0 million) of which represented feed costs.** Payments for processing ($23.0 million) and transportation and storage ($12.0 million) services were also significant. Total product expenses for Canadian aquaculture operators reached $342.4 million in 1998.
  Source: Statistics Canada

College Revenue

- **Nearly two-thirds (64%) of community college revenues in the province came from government grants and contracts in 1997/98.** This compares to 71% at the beginning of the decade. Student fees (19%) are the second biggest revenue source for colleges in British Columbia. Government grants are becoming a less important source of college revenues in every province except Quebec and Saskatchewan. Nationally, government grants and contracts accounted for 79% of total revenues in 1990/91, but this share had fallen to 67% by 1997/98. *Source: SC, The Daily*

Deaths due to Fire

- **During the thirteen-year period ending in 1998, a total of 618 people (402 men and 216 women) in BC lost their lives in fires.** In addition, there were 5,000 injuries resulting from fires during this period. Most of the deaths and injuries occurred in residences between the hours of 10 pm and 8 am. More than 80% were the result of accidental fires in private residences. One in eleven was either a suicide (6%) or a homicide (3%). Six of the 17 homicide victims were children aged eight or under. Outdoor fires (3%), explosions (3%) and accidental fires in public and other buildings (2%) caused the remainder of the deaths. *Source: Vital Statistics Agency Quarterly Digest*

- **The number of deaths resulting from fires in BC has been falling since it peaked at 64 in 1988**. The lowest number of deaths (32) was in 1994. Men are nearly twice as likely as women to die in a fire, with male deaths outnumbering female deaths in every year from 1986 to 1998. However, the number of men dying in fires has been halved (from 44 to 22) since 1986, while number of women killed in fires has fallen only moderately (from 17 to 14) during this period.
  Source: Vital Statistics Agency Quarterly Digest

- **Between 1986 and 1998, a total of 39 people (27 males and 12 females) died as a result of committing suicide by setting fire to themselves, their homes, or their vehicles.** Twenty-seven of the people who chose this method of ending their lives were under the age of 49. People in their 40s were the most likely to choose this method of committing suicide.
  Source: Vital Statistics Agency Quarterly Digest

highlights, Issue 00-12
March 24, 2000

For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

March 24, 2000

Infoline Report: Update on High Technology Start-ups, 1994-1998

Contact: Steve Miller / (250) 387-0365

Originally published in the February 2000 issue, *Business Indicators*. Annual subscription: $60 + GST

Highlights

- **Births of high tech firms doubled from 1994 to 1998.**
- **Computer and Related Services is the most prolific sector.**
- **Most high tech start-ups are small businesses creating eight jobs on average.**

Introduction

Business Indicators Report for January 2000 reported on a research project that tracked a group of high technology companies over the period 1991-1995. The project also accounted for new firms that were established over the period. One of the important conclusions of the study was that employment gains from expansions of existing firms were counteracted by losses due to firm failures. As a result, new firms were responsible for all the observed net job creation.

This edition narrows the focus, with a further look at high technology start-ups. Using a somewhat different data source, the information on births is extended from 1995 to 1998. The birth counts are supplemented by estimates of the size of firms at the time of birth, and the number of jobs created as a consequence.

Measuring Births

It is possible to form an idealized picture of what occurs to mark the "birth" of a firm in the high technology or any other sector. However, in practical terms, a birth is recorded when a business operation first appears on an administrative file such as a database of tax filers, payroll deduction remitters, or a corporate registry. Such births depend on the unit of account (such as a company, a business "establishment", a business location, etc.) and on the administrative practices of those who maintain each particular file.

Under these conditions, a birth is seldom defined as a simple incorporation, and could commonly result from a name change, a merger, or the establishment of a subsidiary or branch by an established company.

The data source used for the birth counts reported here is the Business Register, maintained by Statistics Canada. The sources for the Business Register, in turn, are Revenue Canada tax forms, payroll deduction records, and information gleaned from Statistics Canada survey activities and profiling of corporate structures. The basic unit of account is the "establishment", which is normally the smallest unit of a firm capable of reporting independently on revenues, employment, and similar accounting quantities. Typically, establishments are business locations, but they can also include certain "synthetic" entities for statistical purposes.

Employment of establishments is estimated from payroll figures, and is provided only in broad ranges.

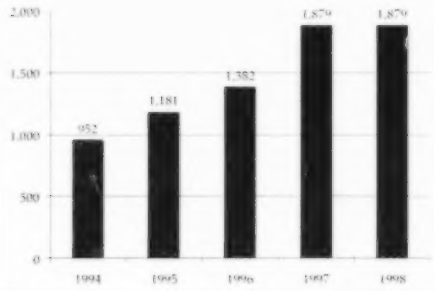
While births on the Business Register file are not created without reason, it is generally acknowledged that births from this source are on the high side. On the other hand, only employer firms have been included, while it is known that substantial increases in employment are attributable to an increase in self-employment.[1]

High Tech Births 1994-1998

High tech births almost doubled in the five years from 1994 to 1998. This occurred at a time when the number of firms increased by under fifty per cent, distinguishing the increase in births as an independent phenomenon.

[1] For example, see *Small Business Profile '99: A Profile of Small Business Growth and Employment in British Columbia* at:

High Technology Births on the Increase

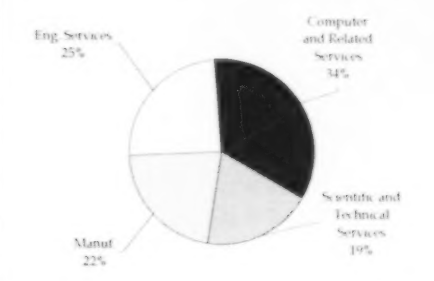


This can also be expressed as a change in the birth rate, which was 20.2% in 1994, rising to over 27% in 1998.

Computer Services Leads the Way

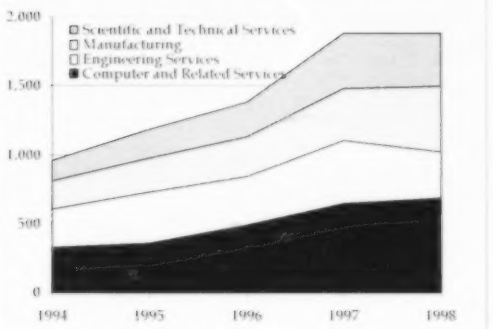
Computer and Related Services had the majority of births over the five years, followed by Engineering Services.

Sector Share of High Tech Births 1994-1998



Computer Services not only accounted for the greatest share of the births that occurred over the five year period, but also continued to increase in 1998, when other sectors were stagnant or decreasing.

Patterns of High Tech Births by Sector

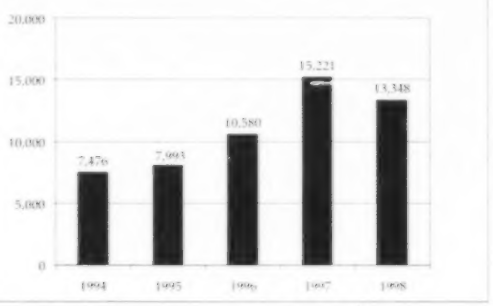


However, Scientific and Technical Services, despite a decrease in 1998, increased its share of births by almost five and one half points from 1994 to 1998.

Employment

High tech births have accounted for a substantial and increasing number of new jobs, even without including the impact of increasing self-employment.

Employment Generation by High Tech Births

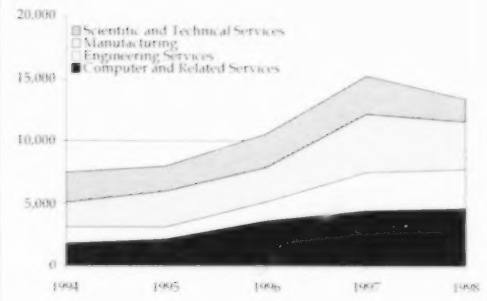


The employment represented in the above chart are a real phenomenon, but is tempered by significant losses stemming from deaths. While total employment in the high tech sector has shown strong growth over the period covered, it has clearly not been as rapid as the birth figures might imply.

BC STATS, Min. of Finance & Corporate Relations, Box 9410 Stn Prov Govt, Victoria, BC V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: http://www.bcstats.gov.bc.ca E-mail: BC.Stats@gems8.gov.bc.ca

Not only did Computer and Related Services lead high tech births, those births accounted for nearly 30% of all employment growth in the period. However, Computer and Related Services births were on average smaller in terms of employment.

Computer and Related Services Leads Employment Growth



Small Business Dominates

Although establishments can be started with any number of initial employees, it might be expected that most start small. This, in fact, is the case. Only about seven per cent of births initially have more than twenty employees. This situation has been constant over all of the years covered.

However, on average, the start-ups have not been micro-businesses (businesses with just one to five employees). Instead, the over seven thousand births observed in this study have averaged just over eight new employees each.

Conclusion

The powerful impact of new businesses on employment in the high tech sector is consistent with its image of dynamism. Although possibly exaggerated by the data source, the large number of births, particularly in Computer Services and Engineering Services indicates a relative freedom from barriers to entry. The challenge is to ensure the continued growth and survival of the new firms to secure the jobs that are created.

Deepen your knowledge of the economy and society you work and compete in.

Subscribe to the periodical section of our Internet site to access ***Business Indicators*** and ten other monthly and quarterly releases. The price for complete access over the course of a year is only $100. Note that this charge is waived for provincial government offices. We also off a separate electronic subscription service to ***Major Projects Inventory*** — a quarterly guide to construction projects planned, underway or recently completed in British Columbia. If you prefer, we offer paper-based subscriptions at prices that reflect our increased costs, delivered by regular mail. Reproduced here is just the article from the February 2000 issue of ***Business Indicators***. To see a sample of a complete issue, or samples of our other periodicals, use the

"**Reports & Publications**" tab at the top of our new home page,
then click on the line, "**Samples of our Priced Statistical Bulletins**".

Different periodicals feature highlights, articles, charts, data tables and definitions. Get the whole story. Subscribe today.

For more information, contact:
Kris Ovens Tel: (250) 387-0359 FAX: (250) 387-0380 or email Kris.Ovens@gems7.gov.bc.c

Infoline

March 24, 2000

fax transmission information service from **BC STATS**

also on the Internet at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)	Oct 1/99	% change on one year ago
BC	4,037.2	0.8
Canada	30,572.5	0.8
GDP and INCOME		
(BC - at market prices)	1998	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	110,948	-0.2
GDP *($ 1992 millions)*	99,708	0.2
GDP *($ 1992 per Capita)*	24,908	-0.8
Personal Disposable Income *($ 1992 per Capita)*	15,969	-1.6
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Jan	3,359	15.1
Merchandise Exports (raw) Jan	2,316	6.7
Retail Sales (seasonally adjusted) Jan	2,909	4.6
CONSUMER PRICE INDEX		
(all items - 1992=100)	Feb '00	% change on one year ago
BC	111.4	1.2
Canada	112.0	2.7
LABOUR FORCE (thousands)		
(seasonally adjusted)	Feb '00	% change on one year ago
Labour Force - BC	2,098	1.0
Employed - BC	1,950	2.4
Unemployed - BC	148	-14.1
		Feb '99
Unemployment Rate - BC *(percent)*	7.0	8.3
Unemployment Rate - Canada *(percent)*	6.8	7.9
INTEREST RATES (percent)	Mar 22/00	Mar 24/99
Prime Business Rate	6.75	6.75
Conventional Mortgages - 1 year	7.60	6.60
- 5 year	8.35	7.15
US/CANADA EXCHANGE RATE	Mar 22/00	Mar 24/99
(avg. noon spot rate) Cdn $	1.4718	1.5039
US $ *(reciprocal of the closing rate)*	0.6803	0.6633
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	Feb '00	% change on one year ago
BC	626.02	0.3
Canada	604.88	3.1

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bank-banque-canada.ca/english/wfsgen.htm

Released this week by BC STATS

- Small Business Quarterly, 3rd Quarter 1999

Next week

- Exports, January 2000
- Earnings & Employment Trends, February 2000
- Business Indicators, March 2000
- Current Statistics, March 2000

BC STATS, Min. of Finance & Corporate Relations, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: http://www.bcstats.gov.bc.ca E-mail: BC.Stats@gems8.gov.bc.ca